



January 23, 2002

HOUSE BILL No. 1292

DIGEST OF HB 1292 (Updated January 22, 2002 2:28 PM - DI 106)

Citations Affected: IC 4-10; IC 32-9.

Synopsis: Unclaimed property. Provides civil damages for actions related to agreements to locate unclaimed property or warrants. Allows the attorney general to sell unclaimed property at a commercially reasonable sale. Allows unidentifiable unclaimed property and disclaimed property to be sold immediately and the proceeds transferred to the common school fund. Eliminates the attorney exemption for agreements to locate unclaimed property. Makes certain other changes to the unclaimed property law.

Effective: July 1, 2002.

Foley, Sturtz

January 14, 2002, read first time and referred to Committee on Judiciary.
January 22, 2002, amended, reported — Do Pass.

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HB 1292—LS 7093/DI 94+



January 23, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

HOUSE BILL No. 1292

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-10-10-11, AS ADDED BY P.L.127-2000,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2002]: Sec. 11. (a) This section applies to a warrant drawn by
4 the state auditor upon funds in custody of the state treasurer or a check
5 authorized by law to be issued from funds in custody of any other state
6 agency, if the check or warrant is outstanding and unpaid, but is not
7 determined to be unclaimed property under IC 32-9-1.5.

8 (b) An agreement for which the primary purpose is to pay
9 compensation to locate, deliver, recover, or assist in the recovery of a
10 check or warrant described in subsection (a) is valid only if:

- 11 (1) the fee or compensation agreed upon is not more than ten
12 percent (10%) of the amount collected unless the amount
13 collected is fifty dollars (\$50) or less;
14 (2) the agreement is in writing;
15 (3) the agreement is signed by the apparent owner of the check or
16 warrant described in subsection (a); and
17 (4) the agreement clearly sets forth:

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(A) the nature and value of the property; and

(B) the value of the apparent owner's share after the fee or compensation has been deducted.

(c) This section does not prevent an owner from asserting at any time that an agreement to locate property is otherwise invalid.

(d) If a person who entered into an agreement described in subsection (b) to locate, deliver, recover, or assist in the recovery of a check or warrant violates this section, an owner who presents a valid claim or the attorney general on behalf of an owner who presents a valid claim may bring an action against the person for:

(1) damages equal to the value of the check or warrant;

(2) additional damages in an amount up to two (2) times the value of the check or warrant; and

(3) the other party's reasonable attorney's fees.

(e) An action brought under this section must commence not later than two (2) years after the date the agreement was entered.

SECTION 2. IC 32-9-1.5-17, AS AMENDED BY P.L.127-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. (a) The definition in this section does not apply to section 24 of this chapter.

(b) Except as provided in subsection (c), as used in this chapter, "property" means an interest in intangible personal property, except an unliquidated claim, and all income or increment derived from the interest, including that which is referred to as or evidenced by:

(1) money, a check, a draft, a deposit, an interest, or a dividend;

(2) a credit balance, a customer overpayment, **a gift card**, a gift certificate, a security deposit, a refund, a credit memorandum, an unpaid wage, an unused airline ticket, mineral proceeds, or an unidentified remittance;

(3) stock and other ownership interest in a business association;

(4) a bond, debenture, note, or other evidence of indebtedness;

(5) money deposited to redeem stocks, bonds, coupons, and other securities or to make distributions;

(6) an amount due and payable under the terms of an insurance policy; and

(7) an amount distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit sharing, employee savings, supplemental unemployment insurance, or similar benefits.

(c) As used in this chapter, "property" does not include transactions between business entities and:

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(1) a motor carrier (as defined in IC 8-2.1-17-10); or

(2) a carrier (as defined in 49 U.S.C. 13102(3)).

SECTION 3. IC 32-9-1.5-20, AS AMENDED BY P.L.127-2000, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 20. (a) For purposes of this section, an indication of interest in the property by the owner:

(1) does not include a communication with an owner by an agent of the holder who has not identified in writing the property to the owner; and

(2) includes the following:

(A) The cashing of a dividend check or other instrument of payment received or evidence that the distribution has been received if the distribution was made by electronic or similar means, with respect to an account or underlying shares of stock or other interest in a business association or financial organization.

(B) A deposit to or withdrawal from a bank account.

(C) The payment of a premium with respect to a property interest in an insurance policy.

(D) The mailing of any correspondence in writing from a financial institution to the owner, including:

(i) a statement;

(ii) a report of interest paid or credited; or

(iii) any other written advice;

relating to a demand, savings, or matured time deposit account, including a deposit account that is automatically renewable, or any other account or other property the owner has with the financial institution if the correspondence is not returned to the financial institution for nondelivery.

(E) Any activity by the owner that concerns:

(i) another demand, savings, or matured time deposit account or other account that the owner has with a financial institution, including any activity by the owner that results in an increase or decrease in the amount of any other account; or

(ii) any other relationship with the financial institution, including the payment of any amounts due on a loan;

if the mailing address for the owner contained in the financial institution's books and records is the same for both an inactive account and for a related account.

(b) The application of an automatic premium loan provision or other nonforfeiture provision contained in an insurance policy does not

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1 prevent the policy from maturing or terminating if the insured has died
 2 or the insured or the beneficiary of the policy otherwise has become
 3 entitled to the proceeds before the depletion of the cash surrender value
 4 of the policy by the application of those provisions.

5 (c) Property that is held, issued, or owed in the ordinary course of
 6 a holder's business is presumed abandoned if the owner or apparent
 7 owner has not communicated in writing with the holder concerning the
 8 property or has not otherwise given an indication of interest in the
 9 property during the following times:

10 (1) For traveler's checks, fifteen (15) years after issuance.

11 (2) For money orders, seven (7) years after issuance.

12 (3) For consumer credits, three (3) years after the credit becomes
 13 payable.

14 (4) For **gift cards or** gift certificates, three (3) years after
 15 December 31 of the year in which the **gift card or** gift certificate
 16 was sold. If the **gift card or** gift certificate is redeemable in
 17 merchandise only, the amount abandoned is considered to be sixty
 18 percent (60%) of the **card's or** certificate's face value.

19 (5) For amounts owed by an insurer on a life or an endowment
 20 insurance policy or an annuity contract:

21 (A) if the policy or contract has matured or terminated, three
 22 (3) years after the obligation to pay arose; or

23 (B) if the policy or contract is payable upon proof of death,
 24 three (3) years after the insured has attained, or would have
 25 attained if living, the limiting age under the mortality table on
 26 which the reserve is based.

27 (6) For property distributable by a business association in a course
 28 of dissolution, one (1) year after the property becomes
 29 distributable.

30 (7) Until January 1, 2002, for property or proceeds held by a
 31 court, ten (10) years after the property or proceeds become
 32 distributable. Beginning January 1, 2002, for property or proceeds
 33 held by a court or a court clerk, other than property or proceeds
 34 related to child support, five (5) years after the property or
 35 proceeds become distributable. The property or proceeds must be
 36 treated as unclaimed property under IC 32-9-8. Beginning January
 37 1, 2002, for property or proceeds related to child support held by
 38 a court or a court clerk, ten (10) years after the property or
 39 proceeds become distributable.

40 (8) For property held by a state or other government,
 41 governmental subdivision or agency, or public corporation or
 42 other public authority, one (1) year after the property becomes

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1 distributable.

2 (9) For compensation for personal services, one (1) year after the
3 compensation becomes payable.

4 (10) For deposits and refunds held for subscribers by utilities, one
5 (1) year after the deposits or refunds became payable.

6 (11) For stock or other interest in a business association, five (5)
7 years after the earlier of:

8 (A) the date of the last dividend, stock split, or other
9 distribution unclaimed by the apparent owner; or

10 (B) the date of the second mailing of a statement of account or
11 other notification or communication that was:

12 (i) returned as undeliverable; or

13 (ii) made after the holder discontinued mailings to the
14 apparent owner.

15 (12) For property in an individual retirement account or another
16 account or plan that is qualified for tax deferral under the Internal
17 Revenue Code, three (3) years after the earliest of:

18 (A) the actual date of the distribution or attempted
19 distribution;

20 (B) the distribution date as stated in the plan or trust
21 agreement governing the plan; or

22 (C) the date specified in the Internal Revenue Code by which
23 distribution must begin in order to avoid a tax penalty.

24 (13) For a demand, savings, or matured time deposit, including a
25 deposit that is automatically renewable, five (5) years after
26 maturity or five (5) years after the date of the last indication by
27 the owner of interest in the property, whichever is earlier.
28 Property that is automatically renewable is considered matured
29 for purposes of this section upon the expiration of its initial
30 period, unless the owner has consented to a renewal at or about
31 the time of the renewal, and the consent is in writing or is
32 evidenced by a memorandum or other record on file with the
33 holder.

34 (14) For all other property, the earlier of five (5) years after:

35 (A) the owner's right to demand the property; or

36 (B) the obligation to pay or distribute the property;
37 arose.

38 (d) Property is payable or distributed for purposes of this chapter
39 notwithstanding the owner's failure to make demand or present an
40 instrument or a document otherwise required to receive payment.

41 SECTION 4. IC 32-9-1.5-26, AS AMENDED BY P.L.127-2000,
42 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2002]: Sec. 26. (a) A holder of property presumed abandoned and subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate.

(b) For each item with a value of fifty dollars (\$50) or more, the report required under subsection (a) must be verified and include the following:

(1) ~~Except with respect to traveler's checks and money orders,~~

The apparent owner's:

(A) name, if known;

(B) last known address, if any; and

(C) Social Security number or taxpayer identification number, if readily ascertainable.

(2) In the case of the contents of a safe deposit box or other safekeeping depository of tangible property:

(A) a description of the property;

(B) the place where the property is held and may be inspected by the attorney general; and

(C) any amounts owing to the holder.

(3) The date:

(A) the property became payable, demandable, or returnable; and

(B) of the last transaction with the apparent owner with respect to the property.

(4) Other information that the attorney general requires by rules adopted under IC 4-22-2 as necessary for the administration of this chapter.

(c) If a holder of property presumed abandoned and subject to custody as unclaimed property is a successor to another person who previously held the property for the apparent owner or if the holder has changed its name while holding the property, the holder shall file with the report the former names of the holder, if any, and the known names and addresses of all previous holders of the property.

(d) The report required by subsection (a) must be filed as follows:

(1) The report of a life insurance company must be filed before May 1 of each year for the calendar year preceding the year in which the report is filed.

(2) All other holders must file the report before November 1 of each year to cover the year preceding July 1 of the year in which the report is filed.

(e) The holder of property presumed abandoned and subject to

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1 custody as unclaimed property under this chapter shall send written
 2 notice to the apparent owner, not more than one hundred twenty (120)
 3 days or less than sixty (60) days before filing the report required by this
 4 section, stating that the holder is in possession of property subject to
 5 this chapter if:

- 6 (1) the holder has a record of an address for the apparent owner
- 7 that the holder's records do not show as inaccurate;
- 8 (2) the claim of the apparent owner is not barred by the statute of
- 9 limitations; and
- 10 (3) the value of the property is at least fifty dollars (\$50).

11 (f) Before the date of filing the report the holder may request the
 12 attorney general to extend the time for filing the report. The attorney
 13 general may grant the extension upon a showing of good cause. The
 14 holder, upon receipt of the extension, may make an interim payment on
 15 the amount the holder estimates will ultimately be due, which will
 16 suspend the accrual of interest on the amount paid.

17 (g) The holder shall file with the report an affidavit stating that the
 18 holder has complied with this section.

19 SECTION 5. IC 32-9-1.5-28, AS AMENDED BY P.L.127-2000,
 20 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2002]: Sec. 28. (a) Except as provided in subsection (e), the
 22 attorney general shall cause a notice to be published not later than
 23 November 30 of the year immediately following the year in which
 24 unclaimed property has been paid or delivered to the attorney general.

25 (b) Except as provided in subsection (c), the notice required by
 26 subsection (a) must be published at least once each week for two (2)
 27 successive weeks in a newspaper of general circulation published in the
 28 county in Indiana of the last known address of any person named in the
 29 notice.

30 (c) If the holder does not report an address for the apparent owner,
 31 or reports an address outside Indiana, the notice must be published in
 32 the county in which the holder has its principal place of business within
 33 Indiana or such other county as the attorney general may reasonably
 34 select.

35 (d) The advertised notice required by this section must be in a form
 36 that, in the judgment of the attorney general, will attract the attention
 37 of the apparent owner of the unclaimed property and must contain the
 38 following information:

- 39 (1) The name of each person appearing to be an owner of property
- 40 presumed abandoned, as set forth in the report filed by the holder.
- 41 (2) The last known address or location of each person appearing
- 42 to be an owner of property presumed abandoned, if an address or

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a location is set forth in the report filed by the holder.

(3) A statement explaining that property of the owner is presumed to be abandoned and has been taken into the protective custody of the attorney general.

(4) A statement that information about the abandoned property and its return to the owner is available to a person having a legal or beneficial interest in the property, upon request to the attorney general.

(e) The attorney general is not required to publish the following in the notice:

(1) Any item of less than ~~fifty one hundred~~ dollars ~~(\$50)~~ **(\$100)** in value.

(2) Information concerning a traveler's check, money order, or similar instrument.

SECTION 6. IC 32-9-1.5-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 31. (a) Except as provided in subsections (b), ~~and~~ (c), ~~and~~ **(f)**, the attorney general, not later than three (3) years after the receipt of abandoned property, shall sell the property to the highest bidder at:

(1) public sale in a city in Indiana; or

(2) a commercially reasonable sale;

that in the judgment of the attorney general affords the most favorable market for the property. The attorney general may decline the highest bid and reoffer the property for sale if in the judgment of the attorney general the bid is insufficient. If in the judgment of the attorney general the probable cost of sale exceeds the value of the property, the property need not be offered for sale. A sale held under this section must be preceded by one (1) publication of notice, at least three (3) weeks before the sale, in a newspaper of general circulation published in the county in which the property is to be sold.

(b) If the property is of a type that is customarily sold on a recognized market or that is subject to widely distributed standard price quotations, and if in the opinion of the attorney general the probable cost of a public sale to the highest bidder would:

(1) exceed the value of the property; or

(2) result in a net loss;

the attorney general may sell the property privately, without notice by publication, at or above the prevailing price for the property at the time of sale.

(c) All securities shall be sold as soon as reasonably possible following receipt. If a valid claim is made for any securities in the possession of the attorney general, the attorney general may:

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(1) transfer the securities to the claimant; or

(2) pay the claimant the value of the securities as of the date the securities were delivered to the attorney general.

Notice of the sale of securities is not required. Securities listed on an established stock exchange must be sold at prices prevailing at the time of sale on the stock exchange. Other securities may be sold over the counter at prices prevailing at the time of sale or by any other method the attorney general considers reasonable.

(d) A purchaser of property at a sale conducted by the attorney general under this chapter takes the property free of all claims of the owner or previous holder and of all persons claiming through or under them. The attorney general shall execute all documents necessary to complete the transfer of ownership.

(e) A person does not have a claim against the attorney general for any appreciation of property after the property is delivered to the attorney general, except in case of intentional misconduct or malfeasance by the attorney general.

(f) If property is forwarded to the attorney general and the property does not have any of the information required under section 26(b)(1) of this chapter, the attorney general may immediately:

(1) sell the property and transmit the proceeds; or

(2) transfer the property;

to the common school fund.

SECTION 7. IC 32-9-1.5-36, AS AMENDED BY P.L.127-2000, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 36. (a) A person, not including another state, claiming an interest in property paid or delivered to the attorney general may file a claim on a form prescribed by the attorney general and verified by the claimant. **To be considered by the attorney general, the claim must meet the requirements established by the attorney general.**

(b) Not later than ninety (90) days after a claim **that meets the requirements established by the attorney general** is filed, the attorney general shall:

(1) consider the claim; and

(2) give written notice to the claimant that the claim is granted or the claim is denied in whole or in part.

(c) Not later than thirty (30) days after a claim is allowed, the attorney general shall pay over or deliver to the claimant the property or the net proceeds of the sale of property if the property has been sold by the attorney general, together with any additional amount to which

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the claimant may be entitled under section 30 of this chapter.

(d) A holder who pays the owner for property that has been delivered to the state and that, if claimed from the attorney general by the owner, would be subject to an increment under section 30 of this chapter shall recover the amount of such increment from the attorney general.

(e) A person may file a claim under subsection (a) at any time within twenty-five (25) years after the date on which the property was first presumed abandoned under this chapter, notwithstanding the expiration of any other time specified by statute, contract, or court order during which an action or a proceeding may be commenced or enforced to obtain payment of a claim for money or recovery of property.

SECTION 8. IC 32-9-1.5-36.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 36.5. (a) An owner of property that is delivered to the attorney general may disclaim the property by filing a disclaimer of property with the attorney general in the form and manner required by the attorney general.**

(b) If the property is disclaimed under subsection (a), the attorney general may immediately:

(1) sell the property and transmit the proceeds; or

(2) transfer the property;

to the common school fund.

SECTION 9. IC 32-9-1.5-48, AS AMENDED BY P.L.127-2000, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 48. (a) An agreement by an owner, the primary purpose of which is to pay compensation to locate, deliver, recover, or assist in the recovery of property presumed abandoned under this chapter that is entered into not earlier than the date the property was presumed abandoned and not later than twenty-four (24) months after the date the property is paid or delivered to the attorney general is void and unenforceable. This subsection does not apply to an owner's agreement with an attorney ~~to file a claim as to identified property or~~ to contest the attorney general's denial of a claim.

(b) An agreement by an owner, the primary purpose of which is to locate, deliver, recover, or assist in the recovery of property, is valid only if:

(1) the fee or compensation agreed upon is not more than ten percent (10%) of the amount collected unless the amount collected is fifty dollars (\$50) or less;

(2) the agreement is in writing;



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(3) the agreement is signed by the apparent owner;

(4) the agreement clearly sets forth:

(A) the nature and value of the property; and

(B) the value of the apparent owner's share after the fee or compensation has been deducted; and

(5) the agreement contains the provision set forth in subsection (d).

(c) This section does not prevent an owner from asserting at any time that an agreement to locate property is otherwise invalid.

(d) This subsection applies to a person who locates, delivers, recovers, or assists in the recovery of property reported under this chapter for a fee or compensation. An advertisement, a written communication, or an agreement concerning the location, delivery, recovery, or assistance in the recovery of property reported under this chapter shall contain a provision stating that by law any contract provision requiring the payment of a fee for finding property held by the attorney general for less than twenty-four (24) months is void and that fees are limited to not more than ten percent (10%) of the amount collected unless the amount collected is fifty dollars (\$50) or less.

~~(e)~~ Subsections ~~(b)~~(4) and ~~(d)~~ do not apply to attorney's fees.

~~(f)~~ (e) If an agreement covered by this section applies to mineral proceeds and the agreement contains a provision to pay compensation that includes a portion of the underlying minerals or any mineral proceeds not then presumed abandoned, the provision is void and unenforceable.

~~(g)~~ (f) An agreement covered by this section that provides for compensation that is unconscionable is unenforceable except by the owner. An owner who has agreed to pay compensation that is unconscionable, or the attorney general on behalf of the owner, may maintain an action to reduce the compensation to a conscionable amount. The court may award reasonable attorney's fees to an owner who prevails in the action.

SECTION 10. IC 32-9-1.5-48.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 48.5. (a) This section applies to a person who agrees to locate, deliver, recover, or assist in the recovery of unclaimed property under an agreement described in section 48 of this chapter.**

(b) If a person violates section 48 of this chapter, a claimant, or the attorney general on behalf of a claimant, may bring an action against the person for:

(1) damages equal to the value of the property recovered,



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1 based upon one hundred percent (100%) of the value of the
2 property on the date of the fee agreement;

3 (2) additional damages in an amount up to two (2) times the
4 value of the property; and

5 (3) the other party's reasonable attorney's fees.

6 (c) An action brought under this section must commence not
7 later than two (2) years after the date the agreement was entered.

8 SECTION 11. IC 32-9-2-0.5 IS ADDED TO THE INDIANA CODE
9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2002]: **Sec. 0.5. This chapter does not apply to property or an**
11 **unclaimed article left in a safe deposit box.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred House Bill 1292, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, line 33, reset in roman "other than property or proceeds".

Page 4, line 34, reset in roman "related to child support,".

Page 4, line 36, reset in roman "Beginning January".

Page 4, reset in roman lines 37 through 39.

and when so amended that said bill do pass.

(Reference is to HB 1292 as introduced.)

STURTZ, Chair

Committee Vote: yeas 9, nays 1.

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